

**GOVERNANCE COMMITTEE/SPECIAL MEETING
OF THE
RETIREMENT BOARD OF ADMINISTRATION
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

MINUTES

May 25, 2011

Members Present:

Cindy Coffin
Michael Moore
Javier Romero

Absent:

Barry Poole, Chair

Staff Present:

Sangeeta Bhatia, Retirement Plan Manager
Monette Carranceja, Assistant Retirement Plan Manager
Mary C. Higgins, Assistant Retirement Plan Manager
Jeremy Wolfson, Chief Investment Officer
Julie Escudero, Utility Executive Secretary

Others Present:

Marie McTeague, Deputy City Attorney

Mr. Romero called the meeting to order at 9:45 a.m.

Ms. Bhatia indicated a quorum of the Board was present.

Public Comments

No public comments were received.

1. Update on the Plan's Exposure to Sudan

Mr. Wolfson explained this item was the semi-annual update on the Plan's investment exposure to Sudan. He reported that since Staff's previous update, the categories of offender companies identified by the Conflict Risk Network (CRN) were renamed from "High Offenders" and "Ongoing Engagement" to "Scrutinized" and "Non-Targeted", respectively. He reported CRN also added "Substantial Action" and "Inactive Business Operations" categories. He added that, although the nomenclature had changed, the methodology remained the same, and these changes would enable CRN to more accurately classify companies on the restricted list.

Mr. Wolfson reported that as of March 31, 2011, the Plan's exposure to "Scrutinized" companies decreased since the previous report and was now approximately \$2.9 million. He noted the Plan's sole source of all exposure in this category remained in the Retirement Fund's (RF) commingled emerging market equity account with The Boston Company (TBC).

Mr. Wolfson added the Plan's exposure to "Non-Targeted" companies, as of March 31, 2011, was approximately \$11.3 million which increased from the previous update. He reported the source of the "Non-Targeted" exposure was from TBC's separate international developed value account, Pyramis' separate international developed growth account, and TBC's commingled emerging market account.

He noted Staff has sent letters to the companies on the Scrutinized list and will continue to monitor the Plan's exposure to Sudan and provide periodic updates to the Board.

2. Future Agenda Items

Ms. Bhatia asked the Committee Members if they would like to continue with the semi-annual updates. The Committee decided to meet once a year unless Staff had noticeable changes to report.

With no further business, the meeting adjourned at 9:50 a.m.




BARRY POOLE
Governance Committee Chair

3/28/12
Date



SANGEETA BHATIA
Retirement Plan Manager

3/28/12
Date



JULIE ESCUDERO
Utility Executive Secretary

3-28-12
Date